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Guidelines for Developing Hotel Management in Phitsanulok to Compete in Changing ASEAN

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Abstract

The objectives of this study are: 1) to study the present management of hotel business in Phitsanulok Province, Thailand. 2) to study the satisfactions and needs of foreign guests about hotel management in Phitsanulok, and 3) to propose guidelines for hotel management in Phitsanulok. This study used mixed research methods including both quantitative and qualitative tools. Qualitative methodology used structured interview with government officials and hotel owners and the outcome had been analyzed as content. Quantitative methodology used questionnaire with the foreign guests. General information was analyzed by using descriptive statistics describing percentages. Information on satisfactions and needs gathered of hotel management in Phitsanulok was analyzed by using mean (\bar{X}) and standard deviation (S.D.). The results revealed that the context of hotel management in Phitsanulok Province, Thailand is performed on the basis of cooperation between public sector and the hotel owners both directly and indirectly by controlling and formatting as a group because both parties have same the goal as being a potential tourist attractions in Thailand and also in preparation for the ASEAN Economic Community. In the 5 criteria of the market model of a hotel industry, foreign guests were satisfied with the price of hotels in Phitsanulok at the highest level, followed by location, facilities, services, and image respectively. For the needs of foreign guests in hotel management in Phitsanulok, price ranked the first, followed by facilities, services, location, and image respectively.

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1. Introduction

Tourism Industry is one of the leading industry in the world that brings lots of revenue to the country. It is not only enhancing the country's economics, but also one of the channels making people to know more about what each country has. Tourism has become a major force in the economy of the world and recognition of its importance by governments has accelerated the study of tourism (Cooper, Fletcher, Fyall, Gilbert & Wanhill 2008). Each country is trying their best to compete with each other in promoting tourism and increasing the number of international tourists. For example, hotel business is counted as one of the tourism businesses because tourists need the accommodation when they travel and it is also one of the reason to make their trip impressive. The hotel that is able to compete successfully in its industry through the creation of a sustainable competitive advantage for its service offering, and positioning successfully in relation to its competitors throughout the life cycle of that offering, will eventually retain customers (Petzer, Steyn & Mostert 2008). Hence, hotels should implement the most practical and efficient methods to impress their clients. Especially in Southeast Asia, the ASEAN Economic Community which is approaching in the year 2015 brings the attention to all ten member countries to be prepared with the integration. Thailand is one of ASEAN countries that puts tourism as its leading industry. The National Plan stating the strategies and policies have been integrated with the hotel businesses changing the trends to meet with the needs and satisfactions of the tourists. Phitsanulok province, which is located in the north of Thailand and is one of the fast-growing provinces, has the potential growth and is developing many programs to promote both Thai and international tourists. This is because Phitsanulok is not only famous for the educational system, but it is also rich in many interesting tourist attractions both historical and cultural or even hotel accommodations.

2. Literature Review

2.1 Hospitality

The word "hospitality" has been used extensively in the tourism industry to visualize the business in the tourism industry. It shows the host's kindness in welcoming and taking care of the needs of the customers or the guests and also make them impressed and satisfied with the services provided such as accommodation, transportations, entertainments, tourist attractions, and food and beverage.

2.2 Hotel Business

Hotel is a place where the tourists stay when they travel or are away from their permanent residence. It basically provides bedroom, bathroom for the tourists depending on the demand and budget they spend on the trip. Most of hotels need to compete among their competitors to get the clients by implementing the marketing strategy matched with their characters or categories and the clients' behaviour. Medlik & Ingram (2000) suggested the market model of a hotel industry as shown on Figure 1 which is considered as a tool to pursue their goal. Location has been chosen as the main element of the market model that the tourists considered when selecting the hotels. The location for example, the city centre is the reason for the tourists who prefer an easy and convenient transportation because some cities have various choices of public transportation passing by the hotels. Facilities such as bedrooms, restaurants, swimming pool, fitness room are able to satisfy the clients who select the hotels considered by the well-equipped facilities. The services at the hotel reflect to the efficiency of the staff such as the ability in foreign languages, the knowledge of safety management, among others. A prompt response will be another criterion that impresses the clients about the attention to the needs. The hotel's image is a blend with many factors such as location, facilities, and services that the hotels provide the guests and also the hotel's name as the factor in attracting the guests to choose the hotel. The price is the satisfied value that guests agreed and are willing to pay for their stay after they decided from the hotel's location, facilities, and image. The price that guests pay will be worth-to-pay depending on all the aforesaid 5 crucial elements. However, each person has different needs on their stays, they will have different preferences when choosing the hotels. One may choose from the location of the hotel while others may consider the price as their priority selection.



Figure 1. Market model of a hotel industry

2.3 Classification systems of hotels

There are many hotels providing the services to the guests all over the world, and they vary in many factors for the tourists' needs and satisfactions. Each client has different purposes and length of stay. Some may only need a bed to sleep in for a night, some are coming for a big conference held in the hotel or some are coming to the hotel for an all-inclusive five-star holiday (Medlik & Ingram 2000). Various symbols and letters, with the most popular being the star rating system, usually portray ratings (Gee 1994).

According to Gee (1994), one-star hotels have limited in their services. There are rarely restaurant located inside the hotel. The front desk also has limited service time. The guestrooms are quite small and do not have much furniture. Some hotels do not have a private bathroom, but a public bathroom will be provided. Two-star hotels are normally cleaner and bigger than one star hotels. They are more convenient with better facilities. Some hotels have the on-site restaurant providing (mostly continental breakfast) meal for the guests, but they may not have various types of menus. The guestrooms are generally equipped with basic needed furniture such as in-room telephone, television while the portage service is not included. Three-star hotels provide more spacious rooms with the restaurants where possibly serve breakfast, lunch, and diner to the in-house guests and also external guests. Other facilities such as swimming pools, small meeting rooms can be found at the hotels. Four-star hotels have excellent bedrooms, restaurant, bars, meeting rooms. The concierge service will be provided to the guests as well as the fitness rooms and swimming pools. This is also the popular place for the businessmen who have the meeting and places for their business trips. Five-star hotels considered as luxurious place in many factors such as location, in-side restaurants, services, comfort and convenience. The guestrooms are very comfortable and full-equipped with nice decorations. Some five-star hotels have spa services provided to the guests. The staff are well-trained with high efficient skills to serve the clients.

2.4 ASEAN Economic Community

According to the ASEAN Tourism Strategic Plan 2011-2015, its vision is "By 2015, ASEAN will provide an increasing number of visitors to the region with authentic and diverse products, enhanced connectivity, a safe and secure environment, increased quality of services, while at the same time ensuring an increased quality of life and opportunities for residents through responsible and sustainable tourism development by working effectively with a wide range of stakeholders." The opportunity of people to be able to move and work in the country members freely, especially in the tourism industry that will ease them to get their jobs because most of ten member countries put the tourism as their channel of the revenue.

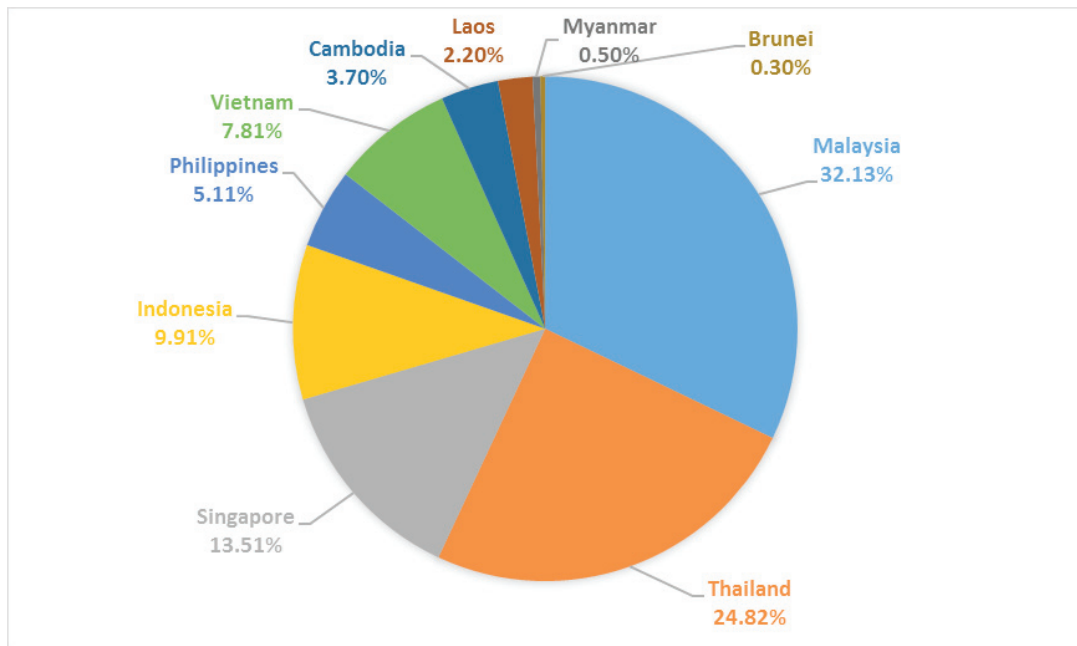


Figure 2. The ASEAN tourism market segmentation 2011

As illustrated in Figure 2, there are approximately 77 million international tourists visiting in ASEAN countries. Further to this figure, Thailand shared the number of international tourist for 24.82% inferior to Malaysia which share 32.13% ranked the first county in ASEAN having the most international tourists whereas Singapore is running on the third rank with the amount of 13.51%.

As per ASEAN Common Competency Standards Framework for Tourism Professionals (Division 1 - Hotel Services - Front Office and Housekeeping), it states that the persons who would like to work in the hotel services should meet the standards as follows 1) Work effectively with colleagues and customers, 2) Work in a socially diverse environment, 3) Implement occupational health and safety procedures, 4) Comply with workplace hygiene procedures, 5) Perform basic clerical procedures, 6) Access and retrieve computer-based data, 7) Speak English at a basic operational level, 8) Communicate effectively on the telephone, 9) Maintain hospitality industry knowledge, 10) Develop and update local knowledge, 11) Promote hospitality products and services, 12) Manage and resolve conflict situations, and 13) Perform basic first aid procedures. These are the reasons why each country must improve and develop their competency to compete in the business. However, a well-planned strategy is a need as a tool for the hotels in this changing ASEAN.

2.5 Tourism in Phitsanulok Province

Phitsanulok is located in the north of Thailand, approximately 367 kilometers away from Bangkok – the capital of Thailand. It is one of not so many ancient cities in Thailand having a notable history. It has many tourist attractions both historical and cultural which attract the tourists' interest.



Figure 3. Phitsanulok Map

As illustrated on Figure 3, Phitsanulok is en route between Bangkok and Chiang Mai by road, many travel agents select Phitsanulok to be one of the destination on the itinerary for a sightseeing or an overnight place before reaching the destination either Bangkok or Chiang Mai.

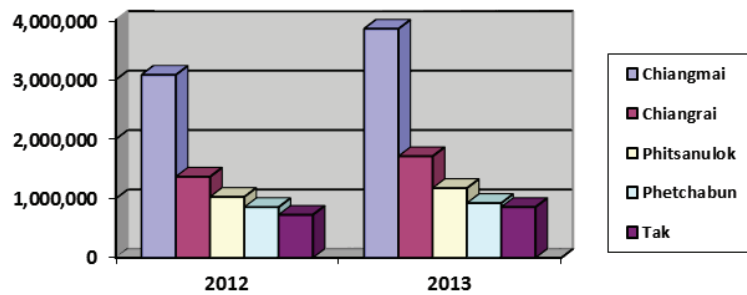


Figure 4. Top 5 arrival tourists in the North Region of Thailand year 2012-2013

As shown on Figure 4, Phitsanulok ranked the 3rd province in the north of Thailand having the most tourists visit during year 2012-2013. This information included both Thai and International tourists which is show on Figure 5.

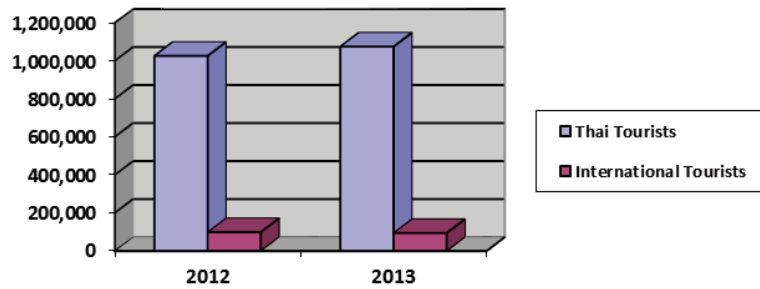


Figure 5. Thai and international tourists visiting Phitsanulok year 2012-2013

From Figure 5, Phitsanulok had Thai tourists visiting in year 2012 around 1,026,093 persons, and in year 2013 around 1,074,832 persons, whereas it had international tourists around 98,841 persons in 2012 and around 94,470 persons in 2013.

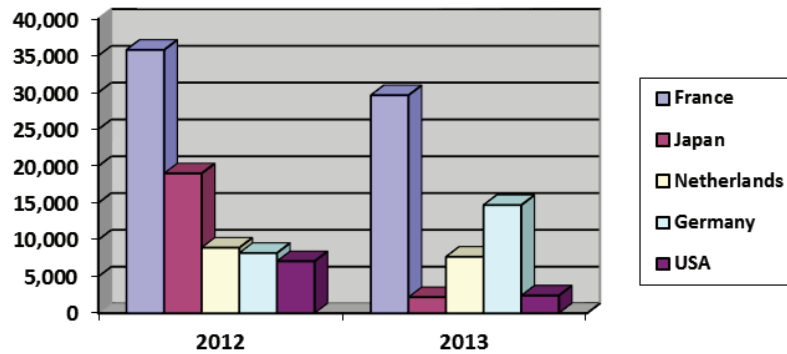


Figure 6: Top 5 International Tourists visiting Phitsanulok year 2012-2013

As per Figure 6, France is the country with the most number of tourists visiting Phitsanulok, for about 29,619 persons in 2012 and 35,783 persons in 2013, followed by Japan around 2,182 person in 2012 and 19,004 persons in 2013, the Netherlands around 7,663 person in 2012 and 8,910 persons in 2013, Germany had 14,691 persons in 2012 and 8,177 persons in 2013, and USA had 2,410 persons in 2012 and 7,063 persons in 2013.

From the statistics, the numbers of Thai tourists increased, while the number of international tourists decreased for 2012 and 2013. It brings to the attention of the province to review and consider the factors that caused the decreased number of international tourists. While the province has more accommodations provided to the tourists, there are 96 accommodations (hotels, guesthouses, resorts) with 5,096 rooms in year 2012 and 112 accommodations with 6,019 rooms in the year 2013. (Ministry of Tourism and Sports, 2012) With many accommodations in the province, the hotel business entrepreneurs must develop a marketing strategy to get the clients staying at their hotels amidst a high competition and to be ready for the AEC in the year 2015. This is especially true with the international tourists visiting the province to at least share the market with other major tourism cities.

3. Purposes of the study

- To study the present management of hotel business in Phitsanulok Province, Thailand to compete in a changing ASEAN
- To study the satisfactions and needs of the foreign guests about hotel management in Phitsanulok Province, Thailand in order to compete in a changing ASEAN
- To propose a guidelines for hotel management in Phitsanulok Province, Thailand in order to compete in a changing ASEAN

4. Methodology

A study of guideline for developing hotel management to compete in a changing ASEAN: A case study from Phitsanulok province, Thailand used mixed method research - qualitative and quantitative. The qualitative research was the process used in the in-depth interview with 5 public sector officers (Provincial Administrative Officer), the owners of 10 hotels having rooms lower than 150 rooms (Steadmon & Kasavana, 1988) in Muang District, Phitsanulok and cost between 1,000 - 2,500 Thai Baht per room per night (EUR 25 – 60 per room per night). The quantitative research was used by distributing questionnaire to 400 foreign guests at 10 hotels. The questionnaire was divided into 3 parts: general information, the satisfactions with the hotel management in Phitsanulok, and the needs of the hotel management in Phitsanulok. The questionnaire checklist was used as the main instrument for data gathering. It consists of the market model of a hotel industry (Medlik & Ingram 2000) pertaining to the hotel management. Level of satisfaction and need have range as follows 1) 4.21 – 5.00 (Highly satisfied) 2) 3.41 – 4.20 (Satisfied) 3) 2.61 – 3.40 (Moderately satisfied) 4) 1.81 – 2.60 (Unsatisfied) 5) 1.00 – 1.80 (Highly unsatisfied).

5. Findings

According to the interview from 5 government officials, they pointed out that the Provincial Administrative Organization of the province is running the tourism strategic plan to enhance the tourism activities in the province. This will make noise to the public having the awareness that Phitsanulok is now ready to accommodate and facilitate the tourists from every corner of the world because they have various choices of hotel accommodation, in different price depending on the needs and expectations of the tourists. Most of hotels have reasonable and cheap price compared with the hotels in the neighbouring province or in Chiang Mai, which has the most tourists visiting in the Northern region of Thailand. In Phitsanulok, the hotels are located in a good location which are very convenient for the tourists and easy to find, though they use the public transportation such as metered taxi or public buses. Moreover, Phitsanulok has lots of tourist attractions which are near to each other causing the tourists convenience whether they travel by the coach or by themselves.

The information from interview with the 10 hotel owners revealed that most of the entrepreneurs emphasized that their hotels have cheaper price than other hotels in nearby provinces or in other major tourism cities in Thailand. Moreover, their hotels are situated in a convenient location. The tourists or travel agents carefully consider which hotel they would like to book because the hotels agree to give the discount for the clients should they book in advance or stay many nights, for example stay 4 nights pay 3 nights.

Further to 400 questionnaires, 384 (96%) are found usable. 197 (51.3%) are of European origin. Exactly 54.3 percent of the respondents are male; and 44 percent are in the age group of 31-40, followed by 21-30 years old (23.40%). Most respondents (74.2%) are on holiday, followed by 9.1 percent who are making a business trip. Most of the respondents (50.3%) obtain bachelor degree. 28.4 percent of the respondents hold vocational education. More than 49 percent of the respondents have an annual income of more than US\$5,001; 26.6 percent have an annual income of between US\$2,501 and US\$5,000; and minority has an annual income of over US\$500.

According to the market model of a hotel industry (Medlik & Ingram 2000), the foreign guests have ranked their satisfaction and needs about the hotel management in Phitsanulok Province, the result revealed that they satisfied with the price of hotels in Phitsanulok Province at most, followed by the location, facilities, services, and image

respectively. Referring to needs of foreign guests about hotel management in Phitsanulok Province, Thailand, price ranked as the first needs, followed by facilities, services, location, and image respectively.

Table 1. Mean (\bar{X}) and Standard Deviation (S.D.) of Hotel management model in Phitsanulok Province, Thailand in terms of level of satisfaction from foreign guests

Hotel management model in Phitsanulok Province, Thailand	Mean (\bar{X})	(SD)	Level of Satisfaction
Location	3.98	0.828	Highly satisfied
Facilities	3.88	0.867	Highly satisfied
Service	3.39	0.698	Satisfied
Image	3.25	0.822	Satisfied
Price	4.64	0.640	Highly satisfied
Overall of hotel management model in Phitsanulok Province, Thailand	3.83	0.771	Highly satisfied

Table 2. Mean and SD of Hotel management model in Phitsanulok Province, Thailand in terms of level of need from foreign guests

Hotel management model in Phitsanulok Province, Thailand	Mean (\bar{X})	(SD)	Level of Need
Location	3.32	0.765	Satisfied
Facilities	3.56	0.938	Highly satisfied
Service	3.44	0.849	Highly satisfied
Image	3.13	0.598	Satisfied
Price	3.87	0.894	Highly satisfied
Overall of hotel management model in Phitsanulok Province, Thailand	3.46	0.809	Highly satisfied

6. Conclusion

The results from the study on guidelines for developing hotel management to compete in a changing ASEAN: A case study from Phitsanulok Province, Thailand, the government officials agreed that the price of the hotel is the most important factor that the clients consider to choose the hotels. The service providers are completely free to decide their own prices, with due respect to competition and the needs, wants and perceptions of customers. In setting prices, however, service providers can find it very difficult to determine the true cost of provision, perhaps because of the difficulty of costing professional or specialist skills, or because the time and effort required to deliver a service vary widely between different customers, yet a standard price is needed (Brassington & Pettitt 2005,). The strength of the hotels in Phitsanulok is that the price is not expensive. This made the tourists believed with hotels that their money is worthwhile. The same as the entrepreneurs of the hotel business in Phitsanulok, they are focusing on the price of the hotels by launching a promotion or discount to the clients because they believed that if the hotels have reasonable price and attractive promotion, then it will arouse the clients' attention to choose their hotels. The interview from the government officials and the hotel owners harmonized with the result from the questionnaires answered by the international guests.

Eventually, it indicates that the price is the first factor to manage a hotel business in Phitsanulok and to compete with the others because it is not the leading tourism cities in Thailand where lots of demands from the tourists, so the hotel business are on the right way in operating their business. On the other hand, although the tourists do not think of the hotel's image, but the hotel business owners in Phitsanulok should not ignore this factor. The image of an organization also has long been recognized as a strategic variable impacting customer satisfaction and loyalty (Caruana, Money & Berthon, 2000; Kandampully & Hu, 2007; Kandampully, et al., 2011; Chi & Qu, 2008).

Further to the result of the questionnaires, the ranking illustrates the market model of a hotel industry regarding tourists' satisfactions and needs as per Table 3.

Table 3. Ranks of the market model of a hotel industry as per the satisfaction and need of foreign guests

Rank	The Satisfaction of Foreign Guests to Hotel Management in Phitsanulok Province	The Need of Foreign Guests to Hotel Management in Phitsanulok Province
1	Price	Price
2	Location	Facilities
3	Facilities	Service
4	Services	Location
5	Image	Image

Recommendation

Further to the result of the study, the author would like to suggest to those who are interested in the related topic that there should have a study in the different areas having an effect to the result for example the tourism cities in the country. Marketing strategies are necessary if a property hopes to effectively compete in today's market place (Suryakant, 2012). The next study should focus on the marketing tools that hotels use to compete in the business because marketing is the fundamental process of sales. The hotels should find the demands and identify their services and products to satisfy with the needs of the clients and implement the sales strategy to get the clients. It could also initiate marketing programmes targeted at particular segments, or use idle employees as 'walking advertisements', or market services under exchange agreements (Palmer 2001; Shemwell & Cronin 1994; Sill 1991). The hotels can use personal selling as one of the marketing tools to approach the travel agents who are the middlemen between hotels and clients assisting the hotel selling the products or make the awareness to the clients knowing more about their existing products and services.

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